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December 6, 1999

Seth H. Row, Esq.
Federal Election Commission
Office of the General Counsel
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 4943

Dear Mr. Row:

I am writing on behalf of my client, the State Democratic Executive Committee of Alabama ("State Committee"), and Anthony J. Fant, as Treasurer, in the above referenced MUR. In this matter, the Commission has found Reason to Believe that the State Committee has violated 2 U.S.C. §§ 434(a)(4)(A)(i),(ii),(iii) & (iv) by failing to file its 1997 Year-End Report, and all of its 1998 reports in a timely manner.

The situation that ultimately led the State Committee to fail to file the above mentioned reports in a timely manner began with the retirement of its longtime bookkeeper, Sarah Jane Tackett, at the end of 1996. Ms. Tackett had been highly regarded both within Alabama and nationally regarding her knowledge of FEC requirements and had attended several FEC compliance training courses sponsored by both the Democratic National Committee, as well as the Federal Election Commission. Upon her retirement, the bookkeeping and reporting duties were handled by Jay Rhodes, a long-time State Committee employee. Mr. Rhodes oversaw the filing of the State Committee's 1997 Mid-Year Report and left the employment of the State Committee soon thereafter. At that time, the State Committee assigned all financial and compliance duties to Jessica Miller, Mr. Rhode's assistant during the first half of 1997. The Executive Director of the State Committee at that time, Giles Perkins, believed that Ms. Miller was qualified to handle the job, as Ms. Miller had performed well under Mr. Rhodes, and seemed eager to undertake the bookkeeping and compliance tasks.

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During the remainder of 1997 and 1998, Ms. Miller had the sole responsibility of handling the accounting and reporting duties for the State Committee. During this period, it is our understanding that Ms. Miller filed a 1997 year-end report in March of 1998. For 1998, it is our understanding that Ms. Miller actually prepared reports for the signature of the committee's Treasurer. However, for reasons that the State Committee has been unable to comprehend, Ms. Miller did not file the reports with the Commission. The employees of the State Committee and its Treasurer were under the impression that Ms. Miller was diligently and successfully performing her job responsibilities on their behalf. Although the Commission attempted to contact officials of the State Committee with regards to the failure to file reports during 1998, Commission letters were apparently intercepted by Ms. Miller and not forwarded to her superiors. When the Commission contacted the Treasurer of the State Committee regarding the failure to file certain reports, Ms. Miller assured both the Treasurer and her superiors at the State Committee that the reports indeed had been filed and that she would clear up the misunderstanding with the Commission.

It wasn't until March of 1999 that it became apparent to Mr. Perkins that Ms. Miller's assurances raised serious questions. Confronted with overwhelming evidence that reports were not filed with the Commission, Mr. Perkins sought the advice of legal counsel regarding the situation. At this time, Mr. Perkins had worked closely with Ms. Miller for almost two years, and had no reason to doubt the veracity of her statements. Thus, Mr. Miller continued to assure Mr. Perkins that all reports had been timely filed and that she would provide the requisite proof and correct the "misunderstanding" with the Commission.

After a short investigation by Mr. Perkins, it became apparent to him that Ms. Miller's statements regarding the filing of the reports were not truthful. Nevertheless, Ms. Miller went to great lengths to perpetuate her deception by continuing to insist for several days that the reports had been filed. Specifically, Ms. Miller claimed that duplicate copies of reports were kept at her home, and when she was confronted at her home for copies of the report, Ms. Miller claimed her home had been burglarized. Consequently, Mr. Perkins hired counsel to formally investigate this matter on behalf of the State Committee. On April 5, 1999, after several hours of questioning and after providing several different versions, Ms. Miller admitted that the 1998 reports had not been filed with the Commission.

Upon this disclosure, the State Committee took swift corrective action. First, the State Committee immediately terminated the employment of Ms. Miller. Second, the State Committee, by letter of April 13, 1999 notified the Commission of the failure to file reports and the circumstances surrounding the matter. Third, the State Committee retained Ms. Tackett to reconstruct the committee's financial records and complete the 1998 reports and to file future reports.

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Ms. Tackett worked at a frenetic pace to complete all reports as soon as possible. By April 13, 1999, the State Committee filed an amended 1997 Year-End Report. By April 16, 1998 the State Committee had filed its April Quarterly and July Quarterly Reports. By April 26, 1999, the State Committee had filed its October Quarterly Report. The State Committee filed its Post-General Report on April 30, 1999, and its Year-End Report on May 5, 1999. Thus, Ms. Tackett was able to prepare and file all 1998 reports within three weeks of the State Committee's discovery that the reports had not been filed.¹

The State Committee understands the importance of the timely and accurate filing of reports with the Federal Election Commission. Before Ms. Miller's employment, the State Committee was viewed as a model for other Democratic State Party committees for FEC compliance. Its bookkeeper, Sarah Jane Tackett had a national reputation for her skill and knowledge of FEC requirements. Fortunately for the State Committee, Ms. Tackett has agreed to return for the remainder of the 2000 election cycle, and hopefully beyond. In hindsight, the State Committee regrets its blind faith in a young, eager employee and its belief that her false statements that reports had been filed were, in fact, true. Of course, the State Committee has now developed procedures to ensure that several persons are responsible for confirming that reports are prepared and timely filed, including the involvement of State Committee's Treasurer, Bookkeeper, Executive Director and Chair.

¹ The State Committee acknowledges that the July Quarterly Report should have been subdivided into a Pre-Primary and Quarterly Report. If the Commission desires, the State Committee is willing to re-file the July Quarterly Report to separately cover the Pre-Primary and July Quarterly reporting periods.

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Sincerely,


Neil Reiff

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